# HEALTH CARE NOW!

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To: HRSA State Planning Grant Health Care Coverage Advisory Panel Members

From: Sam Jordan, Director Health Care Now!

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Friends, as the Director of Health Care Now!, I am particularly hopeful that the work of the State Planning Grant Advisory Panel on Insurance Coverage will result in the commitment of resources and the alignment of municipal policy with those measures actually recommended if not compelled by a thorough study of coverage issues.

This note serves to convey several suggestions that if found constructive, may be adopted by the panel through your registration of support communicated to the panel's Chair and its Principal and Co-Principal Investigators.

1. In a discussion during the panel's first official session, I brought attention to the value of data included in the graphs and reports designed and developed by the DC Hospital Association (DCHA). I noted in the panel discussion that the data submitted by DCHA was not reported in the form required by relevant statutory law and regulations nor did the data utilize the terms and definitions contained in the relevant statutes and regulatory provisions [see Health Services Planning and Development Agency Amendment Act of 2004 (April 22, 2004) DC Statutes: 15-149]. As a result, I asserted that the data is not particularly helpful with respect to the formulation of credible responses required for two of the "Questions for the Project" as posed in the presentation of Wilhelmine Miller:
(1) What is being spent in the District on care for people who are uninsured?
(2) What is being spent on uncompensated care for non-District residents?

Upon examination one will note that uncompensated care statistics published by DCHA continue to offer no authoritative accounting for "bad debt" care as distinguished from "uncompensated care" as defined in the statute. In

fact, the hospitals have created their own term, "unsponsored care," a term that presumably includes all charges taken by the hospitals for care provided to those who do not pay. How much - if any - of the "unsponsored care" total, $150.3 million, as reported by DCHA in 2002, has already been paid by consumers who contributed some portion of the costs for their care? Are the funds already contributed by consumers included or excluded when calculating the "bad debt" totals when those consumers are unable to pay the balance of the total costs of care as their fiscal resources dedicated to health care are exhausted?

Do the "unsponsored care" totals represent charges for services or costs of services provided? Studies have revealed that in some hospital systems, not only do charges and costs differ greatly but that charges to the uninsured often exceed those imposed upon the insured by significant amounts. Is this widespread practice pursued in the District?

What combination of charges vs. costs, bad debt vs. self-pay contributions, premium-retail charges to the uninsured vs. discounted charges to the insured/partially insured, is represented in the DCHA-reported $150.3 million figure for 2002? How much of the charges for uncompensated care represent care for non-District residents? The answers to these questions are not discernible in the DCHA data.

The legislation provides an uncompensated care goal for each reporting hospital, 3% of annual operating costs. The DCHA data creates instead another proprietary concept, "percentage of total hospital care given." This term has no basis in annual operating costs as required by the statute, and is a term that Health Care Now! has insisted is meaningful only to hospital accounting offices. It is not a transferable measure or concept that can form the basis for accurate comparison to reports of total hospital care given at any local hospital. Use of "percentage of total hospital care given," like "unsponsored care," obscures rather than illuminates.

For this reason, we at HCN! cannot concur in the general statement made during this discussion that the graph and data offered by DCHA "demonstrate that we are doing something right," an acknowledgment that the general trend line in the purported "Hospital Uninsured Care" graph was downward.

Local hospitals may well have provided less uncompensated care over the

past several years. But what do we celebrate when the data itself is inscrutable and does not yield information upon which to fashion responsible policy or analysis? Was the graph's downward trend caused by changes in reporting criteria? Did Maryland and Virginia residents - understandably confused by or surprisingly attuned to changes in the District's health care system - seek care elsewhere? How many non-paying, non-District residents were treated? (In its 2001 Certificate of Need hearing, Sibley Hospital claimed to have provided over $1million in uncompensated care, yet also declared that only 35% of its patients were District residents.) Were charges for consumers who should "normally' be cared for under statutory uncompensated care rules "charged off" instead by the hospitals to the DC Healthcare Alliance's "presumed eligibility" payment obligations?

HCN! insists that setting transparency standards for data compilation in the Panel's work might facilitate a more valid analysis and carefully considered recommendations

2. HCN! would like the panel's staff to determine the feasibility of a list-serve or comparable tool if panel members find value in an inter-sessional communications mechanism.

3. We would also recommend that the panel select two or three examples of localities or jurisdictions that have designed or implemented instructive attempts to meet insurance and health care coverage challenges and provide summaries of these attempts along with references to additional data and examples.

Health Care Now! is greatly encouraged by the creation of the panel, looks forward to participating in its task of work and invites any commentary or reflection upon these notes.